

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

COME-00 DOTE-00 EB-07 FMC-01 SAL-01 CG-00 DLOS-06

OES-06 /080 W

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R 261357Z JUL 76

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 6805

INFO AMCONSUL LENINGRAD

C O N F I D E N T I A L MOSCOW 11748

C O R R E C T E D C O P Y CAPTION DELETED

E.O. 11652: GDS

TAGS: EEWT, UR, US

SUBJECT: FMC CHAIRMAN BAKKE'S VISIT TO THE SOVIET UNION

REF: A) STATE 183435, B) MOSCOW 11398, C) LENINGRAD 1142

D) STATE 179079, E) STATE 179835

1. EMBASSY HAS DIFFERENT UNDERSTANDING OF EVENTS SURROUNDING SIGNATURE BY FMC CHAIRMAN BAKKE OF THE MEMORANDUM OF AGREEMENT WITH THE USSR MINISTRY OF THE MERCHANT MARINE AND APPRECIATES THE OPPORTUNITY TO COMMENT ON THE LETTER QUOTED IN REFTEL A.

2. SHORTLY AFTER ARRIVAL, BAYER (COUNSELOR TO CHAIRMAN BAKKE) INFORMED YALOWITZ THAT BAKKE HAD PREPARED THREE MONTHS FOR THE VISIT, THAT HE WOULD BE "TOUGH" ON THE SOVIETS, AND THAT BAKKE WOULD BE SEEKING TO WIN SOME ASSURANCES THAT THE SOVIETS WOULD MODIFY THEIR PRESENT SHIPPING PRACTICES IN U.S. FOREIGN COMMERCE. DURING BAKKE'S JULY 13 CALL ON CHARGE, THERE WAS SOME DISCUSSION OF THE FMC'S ATTITUDE TOWARD "PRICE CUTTING," AND BAKKE MADE CLEAR THAT THIS WOULD BE MAJOR SUBJECT OF DISCUSSION WITH SOVIETS.
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HOWEVER, HE GAVE NO INDICATION THAT HE ENVISAGED A FORMAL AGREEMENT. DURING THE OFFICIAL MEETINGS AT THE MINISTRY IN MOSCOW, WHICH MR. YALOWITZ ATTENDED, THERE WAS NO RPT NO DISCUSSION OF A FORMAL AGREEMENT. MR. BAKKE DID STATE

THAT HE WOULD LIKE TO BE ABLE TO TELL CONGRESS THAT
BECAUSE OF "REASONABLE ACTION IN PROGRESS" THERE WOULD BE
NO NEED TO ENFORCE THE "THIRD FLAG" LEGISLATION, IF PASSED.
JUST BEFORE DELEGATION'S DEPARTURE FOR LENINGRAD, BAKKE
INFORMED YALOWITZ THAT AVERIN WISHED TO CONTINUE THE
SUBSTANTIVE DISCUSSIONS IN LENINGRAD. MR BAKKE DID NOT
HOWEVER, INDICATE THAT AVERIN NOW WISHED TO SIGN AN
AGREEMENT, MUCH LESS SEEK SPECIFIC GUIDANCE ON WHETHER ONE
COULD BE SIGNED.

3. EMBASSY RECEIVED NO SUBSTANTIVE REPORTS ON BAKKE'S DISCUSSIONS
IN LENINGRAD. (ONLY QUERY RECEIVED DURING DELEGATION'S
STAY THERE RELATED TO DELEGATION'S DISSATISFACTION WITH
HOTEL ACCOMMODATIONS PROVIDED IN MOSCOW BY MINISTRY OF MERCHANT
MARINE.) SIGNATURE OF "AGREEMENT" FIRST CAME
TO EMBASSY'S ATTENTION UPON RECEIPT OF REFTELS C AND D.

4. IN SUM, EMBASSY MADE EVERY EFFORT TO SUPPORT
BAKKE DELEGATION ALONG LINES REQUESTED IN STATE 157746.
NO INDICATION WAS RECEIVED FROM ANY MEMBER BAKKE PARTY THAT DISCUS-
SIONS MONITORED BY EMBASSY SEEMED WITHIN FRAMEWORK OF "ESTABLISHING
DIALOGUE" ON SUBJECTS CITED IN STATE 157746. BOTH CHARGE
AND CONTROL OFFICER ARE THOROUGHLY AWARE OF CIRCULAR 175
REQUIREMENTS AND IF QUESTION OF PERMISSION TO SIGN
AGREEMENT HAD BEEN RAISED, BAKKE WOULD HAVE BEEN ADVISED
THAT CONSULTATION WITH DEPARTMENT WOULD BE NECESSARY TO
DETERMINE WHETHER AGREEMENT CONTEMPLATED REQUIRED CIRCULAR 175
AUTHORITY, AND IF SO, WHETHER SUCH AUTHORITY COULD BE
GRANTED.
MATLOCK

NOTE: STADIS CAPTION DELETED AND GIVE WIDER DISTRIBUTION
PER MR. EDGAR (EUR/SOV)

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